



**GHL SYSTEMS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012**  
**THE FIGURES HAVE NOT BEEN AUDITED**

|                                                                     | Note | INDIVIDUAL QUARTER         |                                            | CUMULATIVE QUARTER         |                                           |
|---------------------------------------------------------------------|------|----------------------------|--------------------------------------------|----------------------------|-------------------------------------------|
|                                                                     |      | CURRENT<br>YEAR<br>QUARTER | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER | CURRENT<br>YEAR<br>TO DATE | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD |
|                                                                     |      | 31/03/2012<br>RM'000       | 31/03/2011<br>RM'000                       | 31/03/2012<br>RM'000       | 31/03/2011<br>RM'000                      |
| Revenue                                                             | A8   | 12,118                     | 15,560                                     | 12,118                     | 15,560                                    |
| Cost of sales                                                       |      | (2,574)                    | (3,970)                                    | (2,574)                    | (3,970)                                   |
| <b>Gross profit</b>                                                 |      | <b>9,544</b>               | <b>11,590</b>                              | <b>9,544</b>               | <b>11,590</b>                             |
| Other operating income                                              |      | 331                        | 158                                        | 331                        | 158                                       |
| Payroll expenses                                                    |      | (5,076)                    | (4,883)                                    | (5,076)                    | (4,883)                                   |
| Administration expenses                                             |      | (1,446)                    | (2,281)                                    | (1,446)                    | (2,281)                                   |
| Distribution costs                                                  |      | (636)                      | (872)                                      | (636)                      | (872)                                     |
| Other expenses                                                      |      | (83)                       | 25                                         | (83)                       | 25                                        |
| <b>Profit before interest, tax, amortisation &amp; depreciation</b> |      | <b>2,634</b>               | <b>3,737</b>                               | <b>2,634</b>               | <b>3,737</b>                              |
| Depreciation expenses                                               |      | (1,494)                    | (3,166)                                    | (1,494)                    | (3,166)                                   |
| Finance cost                                                        |      | (29)                       | (45)                                       | (29)                       | (45)                                      |
| <b>Profit before taxation</b>                                       |      | <b>1,111</b>               | <b>526</b>                                 | <b>1,111</b>               | <b>526</b>                                |
| Income tax expense                                                  |      | -                          | -                                          | -                          | -                                         |
| <b>Profit for the period</b>                                        |      | <b>1,111</b>               | <b>526</b>                                 | <b>1,111</b>               | <b>526</b>                                |
| <b>Attributable to:</b>                                             |      |                            |                                            |                            |                                           |
| Equity holders of the parent                                        |      | 1,111                      | 526                                        | 1,111                      | 526                                       |
| Non-controlling interest                                            |      | -                          | -                                          | -                          | -                                         |
|                                                                     |      | <b>1,111</b>               | <b>526</b>                                 | <b>1,111</b>               | <b>526</b>                                |
| Weighted average number of ordinary shares in issue                 |      | 144,386                    | 139,153                                    | 144,386                    | 139,153                                   |
| Nominal value per share                                             |      | RM 0.50                    | RM 0.50                                    | RM 0.50                    | RM 0.50                                   |
| Earnings Per Ordinary Share                                         |      |                            |                                            |                            |                                           |
| - Basic (sen)                                                       | B13  | 0.77                       | 0.38                                       | 0.77                       | 0.38                                      |
| - Diluted (sen)                                                     | B13  | 0.77                       | 0.38                                       | 0.77                       | 0.38                                      |
| <b>Profit for the period</b>                                        |      | <b>1,111</b>               | <b>526</b>                                 | <b>1,111</b>               | <b>526</b>                                |
| Other comprehensive income, net of tax                              |      |                            |                                            |                            |                                           |
| Foreign currency translation differences                            |      | (63)                       | (18)                                       | (63)                       | (18)                                      |
| <b>Total comprehensive income for the period</b>                    |      | <b>1,048</b>               | <b>508</b>                                 | <b>1,048</b>               | <b>508</b>                                |
| <b>Total comprehensive income attributable to:</b>                  |      |                            |                                            |                            |                                           |
| Equity holders of the parent                                        |      | 1,048                      | 508                                        | 1,048                      | 508                                       |
| Non-controlling interest                                            |      | -                          | -                                          | -                          | -                                         |
|                                                                     |      | <b>1,048</b>               | <b>508</b>                                 | <b>1,048</b>               | <b>508</b>                                |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2011)



**GHL SYSTEMS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012**  
**THE FIGURES HAVE NOT BEEN AUDITED**

|                                                            | Note | AS AT<br>CURRENT YEAR<br>QUARTER<br>31/03/2012<br>RM'000 | AS AT PRECEDING<br>FINANCIAL<br>YEAR ENDED<br>31/12/2011<br>(Audited)<br>RM'000 | AS AT PRECEDING<br>FINANCIAL<br>YEAR ENDED<br>1/1/2011<br>RM'000 |
|------------------------------------------------------------|------|----------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------------|
| <b>ASSETS</b>                                              |      |                                                          |                                                                                 |                                                                  |
| <b>Non-current assets</b>                                  |      |                                                          |                                                                                 |                                                                  |
| Property, plant and equipment                              |      | 21,893                                                   | 22,734                                                                          | 45,154                                                           |
| Goodwill on consolidation                                  |      | -                                                        | -                                                                               | 1,096                                                            |
|                                                            |      | <u>21,893</u>                                            | <u>22,734</u>                                                                   | <u>46,250</u>                                                    |
| <b>Current assets</b>                                      |      |                                                          |                                                                                 |                                                                  |
| Inventories                                                |      | 6,292                                                    | 5,670                                                                           | 6,538                                                            |
| Trade receivables                                          |      | 10,553                                                   | 11,328                                                                          | 13,173                                                           |
| Other receivables                                          |      | 3,243                                                    | 1,651                                                                           | 5,773                                                            |
| Tax recoverable                                            |      | 269                                                      | 206                                                                             | 129                                                              |
| Fixed deposits placed with licensed banks                  |      | 3,419                                                    | 2,482                                                                           | 2,121                                                            |
| Cash and bank balances                                     |      | 15,746                                                   | 18,414                                                                          | 10,572                                                           |
|                                                            |      | <u>39,522</u>                                            | <u>39,751</u>                                                                   | <u>38,306</u>                                                    |
| <b>TOTAL ASSETS</b>                                        |      | <u>61,415</u>                                            | <u>62,485</u>                                                                   | <u>84,556</u>                                                    |
| <b>EQUITY AND LIABILITIES</b>                              |      |                                                          |                                                                                 |                                                                  |
| <b>Equity attributable to equity holders of the parent</b> |      |                                                          |                                                                                 |                                                                  |
| Share capital                                              |      | 72,901                                                   | 72,901                                                                          | 72,901                                                           |
| Reserves                                                   |      | (35,397)                                                 | (36,445)                                                                        | (10,768)                                                         |
| Treasury Shares                                            |      | (638)                                                    | (638)                                                                           | (638)                                                            |
| <b>Total equity</b>                                        |      | <u>36,866</u>                                            | <u>35,818</u>                                                                   | <u>61,495</u>                                                    |
| <b>Non-current liabilities</b>                             |      |                                                          |                                                                                 |                                                                  |
| Hire purchase payables                                     | B8   | 1,089                                                    | 1,168                                                                           | 44                                                               |
| Bank borrowing                                             | B8   | 2,090                                                    | 2,343                                                                           | 2,618                                                            |
| Deferred tax liability                                     |      | 952                                                      | 952                                                                             | -                                                                |
|                                                            |      | <u>4,131</u>                                             | <u>4,463</u>                                                                    | <u>2,662</u>                                                     |
| <b>Current liabilities</b>                                 |      |                                                          |                                                                                 |                                                                  |
| Trade payables                                             |      | 2,390                                                    | 2,031                                                                           | 5,246                                                            |
| Other payables                                             |      | 16,608                                                   | 19,216                                                                          | 14,443                                                           |
| Hire purchase payables                                     | B8   | 776                                                      | 754                                                                             | 528                                                              |
| Bank borrowings                                            | B8   | 391                                                      | 203                                                                             | 182                                                              |
| Tax payable                                                |      | 253                                                      | -                                                                               | -                                                                |
|                                                            |      | <u>20,418</u>                                            | <u>22,204</u>                                                                   | <u>20,399</u>                                                    |
| <b>Total liabilities</b>                                   |      | <u>24,549</u>                                            | <u>26,667</u>                                                                   | <u>23,061</u>                                                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |      | <u>61,415</u>                                            | <u>62,485</u>                                                                   | <u>84,556</u>                                                    |
| Number of ordinary shares                                  |      | 144,386                                                  | 144,386                                                                         | 137,446                                                          |
| Net assets per share (sen)                                 |      | 0.26                                                     | 0.25                                                                            | 0.45                                                             |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2011)



**GHL SYSTEMS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012**  
**THE FIGURES HAVE NOT BEEN AUDITED**

|                                         | Share<br>Capital<br>RM'000 | Foreign Exchange<br>Reserves<br>RM'000 | ESOS<br>Reserve<br>RM'000 | Treasury<br>Shares<br>RM'000 | Retained Profits /<br>(Accumulated<br>RM'000 | Total Shareholders'<br>Equity<br>RM'000 |
|-----------------------------------------|----------------------------|----------------------------------------|---------------------------|------------------------------|----------------------------------------------|-----------------------------------------|
| At 1 January 2011                       | 72,901                     | (1,255)                                | 258                       | (638)                        | (9,771)                                      | 61,495                                  |
| Total comprehensive income for the year | -                          | (18)                                   | -                         | -                            | 526                                          | 508                                     |
| At 31 March 2011                        | <u>72,901</u>              | <u>(1,273)</u>                         | <u>258</u>                | <u>(638)</u>                 | <u>(9,245)</u>                               | <u>62,003</u>                           |
| At 1 January 2012                       | 72,901                     | (1,139)                                | 514                       | (638)                        | (35,820)                                     | 35,818                                  |
| Total comprehensive income for the year | -                          | (63)                                   | -                         | -                            | 1,111                                        | 1,048                                   |
| At 31 March 2012                        | <u>72,901</u>              | <u>(1,202)</u>                         | <u>514</u>                | <u>(638)</u>                 | <u>(34,709)</u>                              | <u>36,866</u>                           |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2011)



**GHL SYSTEMS BERHAD**  
**STATEMENT OF CASH FOLWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**  
**THE FIGURES HAVE NOT BEEN AUDITED**

|                                                                   | <b>CURRENT<br/>YEAR<br/>QUARTER<br/>31.03.2012<br/>RM'000</b> | <b>PRECEDING YEAR<br/>CORRESPONDING<br/>QUARTER<br/>31.03.2011<br/>RM'000</b> |
|-------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |                                                               |                                                                               |
| Profit/(Loss) before taxation                                     | 1,111                                                         | 526                                                                           |
| <b>Adjustment for:-</b>                                           |                                                               |                                                                               |
| Bad debts written-off                                             | 2                                                             | -                                                                             |
| Depreciation of property, plant and equipment                     | 1,494                                                         | 3,166                                                                         |
| Interest expense                                                  | 29                                                            | 45                                                                            |
| Interest income                                                   | (52)                                                          | (41)                                                                          |
| Inventories recovery                                              | -                                                             | (9)                                                                           |
| Gain on disposal of property, plant and equipment                 | -                                                             | 31                                                                            |
| Property, plant and equipment written-off                         | 1                                                             | -                                                                             |
| Property, plant and equipment written back                        | -                                                             | (1)                                                                           |
| Reversal of impairment on trade receivables                       | (131)                                                         | -                                                                             |
| Reversal of allowance for doubtful debts no longer required       | -                                                             | (5)                                                                           |
| Unrealised (gain)/loss on foreign exchange                        | (45)                                                          | (155)                                                                         |
| <b>Operating profit/(loss) before working capital changes</b>     | <b>2,409</b>                                                  | <b>3,557</b>                                                                  |
| <b>Decrease/(Increase) in working capital</b>                     |                                                               |                                                                               |
| Inventories                                                       | (621)                                                         | (846)                                                                         |
| Trade and other receivables                                       | (642)                                                         | 3,839                                                                         |
| Trade and other payables                                          | (2,252)                                                       | (7,638)                                                                       |
|                                                                   | <b>(3,515)</b>                                                | <b>(4,645)</b>                                                                |
| <b>Cash generated from operations</b>                             | <b>(1,106)</b>                                                | <b>(1,088)</b>                                                                |
| Interest received                                                 | 52                                                            | 41                                                                            |
| Interest paid                                                     | (29)                                                          | (45)                                                                          |
| Tax paid                                                          | 253                                                           | (120)                                                                         |
| Tax refund                                                        | (63)                                                          | -                                                                             |
| Exchange fluctuation adjustment                                   | 16                                                            | (18)                                                                          |
|                                                                   | <b>229</b>                                                    | <b>(142)</b>                                                                  |
| <b>Net cash from operating activities</b>                         | <b>(877)</b>                                                  | <b>(1,230)</b>                                                                |
| <b>Cash Flows From Investing Activities</b>                       |                                                               |                                                                               |
| Purchase of property, plant and equipment                         | (740)                                                         | (107)                                                                         |
| Proceeds from disposal of property, plant and equipment           | 8                                                             | 42                                                                            |
| <b>Net cash used in investing activities</b>                      | <b>(732)</b>                                                  | <b>(65)</b>                                                                   |
| <b>Cash Flows From Financing Activities</b>                       |                                                               |                                                                               |
| Decrease in fixed deposits pledged                                | -                                                             | 7                                                                             |
| Repayment of hire purchase payables                               | (57)                                                          | (129)                                                                         |
| Repayment of bank borrowings                                      | (65)                                                          | (64)                                                                          |
| <b>Net cash used in financing activities</b>                      | <b>(122)</b>                                                  | <b>(186)</b>                                                                  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>       | <b>(1,731)</b>                                                | <b>(1,481)</b>                                                                |
| <b>Cash and cash equivalents at beginning of the finance year</b> | <b>19,468</b>                                                 | <b>10,729</b>                                                                 |
| <b>Cash and cash equivalents at end of the finance year</b>       | <b>17,737</b>                                                 | <b>9,248</b>                                                                  |
| <b>Cash and cash equivalents at end of the finance year:-</b>     |                                                               |                                                                               |
| Cash and bank balances                                            | 15,746                                                        | 8,969                                                                         |
| Fixed deposits with licensed banks                                | 3,419                                                         | 2,249                                                                         |
|                                                                   | <b>19,165</b>                                                 | <b>11,218</b>                                                                 |
| Less: Fixed deposits pledged to licended banks                    | (1,428)                                                       | (1,970)                                                                       |
|                                                                   | <b>17,737</b>                                                 | <b>9,248</b>                                                                  |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the year ended 31 December 2011)



**GHL SYSTEMS BERHAD**  
**(Company No: 293040-D)**

**Part A: Explanatory notes on consolidated results for the first quarter ended 31 March 2012**

**A1. Basis of Preparation**

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting, and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011. The consolidated financial statements of the Group as at and for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards (FRS).

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

The Group has adopted the following MFRS and Amendments to MFRS during the current period:

|                        |                                                                          |
|------------------------|--------------------------------------------------------------------------|
| MFRS 1                 | First-time Adoption of Malaysian Financial Reporting Standards           |
| MFRS 124               | Related Party Disclosures (revised)                                      |
| Amendments to MFRS 1   | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters |
| Amendments to MFRS 7   | Disclosures – Transfers of Financial Assets                              |
| Amendments to MFRS 112 | Deferred Tax: Recovery of Underlying Assets                              |
| Amendments to FRS 9    | Mandatory effective Fate of FRS 9 and Transition Disclosures             |

The adoption is mainly to help clarify the requirements of or provide further explanations to existing MFRS and has no financial impact to the Group.

**A2. Audit Report**

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2011 was not subject to any audit qualification.

**A3. Seasonal or Cyclical Factors**

The business of the Group is not affected by any significant seasonal or cyclical factors.

**A4. Unusual Items**

During the current quarter under review, there were no items or events that arose and affected the assets, liabilities, equity, net income or cash flows of the Group, to the effect that is of unusual nature, size or incidence.

**A5. Change in estimates**

There were no changes in the estimates of amounts reported in the previous quarter that have a material effect on the results of the Group for the current quarter under review.

**A6. Changes in Debts and Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter under review.

**A7. Dividend Paid**

There were no dividends paid during the quarter under review.

**A8. Segmental Reporting**

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different geographical locations and are managed separately.

The following summary describes the geographical locations units in each of the Group's reportable segments:

- (a) Malaysia
- (b) Philippines
- (c) Thailand
- (d) China

The core revenue of the Group comprises; Shared Services, Solutions Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:-

**Shared Services** comprises mainly revenue derived from the provision of support and other outsourced sales services to banks and merchants. The principal activities comprise; EDC terminal rental and maintenance, sale of EDC Terminals, sale of credit card payment services to merchants on behalf of banks under "Affiliation Programmes" and the production of Credit/Debit, ATM and loyalty cards for banks and merchants.

**Solutions Services** comprises mainly revenue derived from the provision of value-added services to merchants and banks. The principal activities comprise; network device and software sales and rentals in respect of payment network solutions, consumer loyalty products, prepaid solutions, internet payment processing and the development of various special purpose, back-end merchant applications.

**Transaction Payment Acquisition ("TPA")** comprises mainly revenue derived from the provision of non-credit card payment processing services to merchants. In Malaysia, the company provides e-Debit services (an ATM PIN based payment) to merchants under a contractual arrangement with Malaysian Electronic Clearing Corporation Sdn Bhd ("MyClear"), the owner and operator of the service.

Performance is measured based on core businesses revenue and geographical profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Core businesses revenue and geographical profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

| Quarter - 31 March                                          | Malaysia       |                | Philippines    |                | Thailand       |                | China          |                | Adjustment and Elimination |                | Consolidated   |                |
|-------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------------|----------------|----------------|----------------|
|                                                             | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000             | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>REVENUE</b>                                              |                |                |                |                |                |                |                |                |                            |                |                |                |
| External Sales                                              |                |                |                |                |                |                |                |                |                            |                |                |                |
| Shared Services                                             | 7,253          | 8,199          |                |                | 398            | 1,396          | 390            | 1,271          | -                          | -              | 9,890          | 13,641         |
| Solutionsings                                               | 1,888          | 1,194          |                |                | 20             | 32             | -              | 428            | -                          | -              | 1,937          | 1,660          |
| Transaction Payment Acquisition                             | 291            | 258            |                |                | -              | -              | -              | -              | -                          | -              | 291            | 259            |
| Inter-segment sales                                         | 3,901          | 4,403          |                |                | -              | -              | -              | -              | (3,901)                    | (4,403)        | -              | -              |
|                                                             | <b>13,333</b>  | <b>14,054</b>  |                |                | <b>418</b>     | <b>1,428</b>   | <b>390</b>     | <b>1,699</b>   | <b>(3,901)</b>             | <b>(4,403)</b> | <b>12,118</b>  | <b>15,560</b>  |
| <b>RESULTS</b>                                              |                |                |                |                |                |                |                |                |                            |                |                |                |
| Segment results                                             | 1,153          | 1              |                |                | (126)          | (195)          | (96)           | (13)           | -                          | -              | 1,088          | 530            |
| Interest income                                             |                |                |                |                |                |                |                |                |                            |                | 52             | 41             |
| Interest expense                                            |                |                |                |                |                |                |                |                |                            |                | (29)           | (45)           |
| Profit/loss before taxation                                 |                |                |                |                |                |                |                |                |                            |                | 1,111          | 526            |
| Taxation                                                    |                |                |                |                |                |                |                |                |                            |                | -              | -              |
| Net profit/(loss) for the period                            |                |                |                |                |                |                |                |                |                            |                | 1,111          | 526            |
| <b>ASSETS:</b>                                              |                |                |                |                |                |                |                |                |                            |                |                |                |
| Additions to non-current assets                             | 620            | 77             | 39             | 30             | 81             | -              | -              | -              | -                          | -              | 740            | 107            |
|                                                             | <b>44,302</b>  | <b>52,524</b>  | <b>11,621</b>  | <b>9,000</b>   | <b>4,045</b>   | <b>6,490</b>   | <b>1,715</b>   | <b>8,123</b>   | <b>(268)</b>               | <b>1,096</b>   | <b>61,415</b>  | <b>77,233</b>  |
| <b>SEGMENT LIABILITIES</b>                                  |                |                |                |                |                |                |                |                |                            |                |                |                |
|                                                             | <b>18,698</b>  | <b>11,400</b>  | <b>2,518</b>   | <b>882</b>     | <b>393</b>     | <b>331</b>     | <b>2,940</b>   | <b>2,618</b>   | <b>-</b>                   | <b>-</b>       | <b>24,549</b>  | <b>15,231</b>  |
| <b>OTHER INFORMATION</b>                                    |                |                |                |                |                |                |                |                |                            |                |                |                |
| Depreciation of property, plant and equipment               | 436            | 2,393          | 712            | 219            | 316            | 234            | 309            | 320            | -                          | -              | 1,773          | 3,166          |
| (Gain)/Loss on disposal of property, plant and equipment    | 2              | 76             | -              | -              | -              | -              | -              | (45)           | -                          | -              | 2              | 31             |
| Unrealised (Gain)/Loss on foreign exchange                  | 50             | (76)           | (54)           | (30)           | (41)           | (35)           | -              | -              | -                          | (14)           | (45)           | (155)          |
| Property, plant and equipment written off                   | 1              | -              | -              | -              | -              | -              | -              | -              | -                          | -              | 1              | -              |
| Reversal of allowance for doubtful debts no longer required | (15)           | (5)            | -              | -              | (111)          | -              | -              | -              | -                          | -              | (126)          | (5)            |
| Provision for doubtful debts                                | 2              | -              | 3              | -              | -              | -              | -              | -              | -                          | -              | 5              | -              |
| Bad Debts written off                                       | 2              | -              | -              | -              | -              | -              | -              | -              | -                          | -              | 2              | -              |

**A9. Valuation of Property, Plant and Equipment**

The Company did not have any major adjustments on revaluation of its property, plant and equipment during the current quarter under review.

**A10. Material Events Subsequent to 31 March 2012**

There are no material events subsequent to the end of the quarter under review that have not been reflected in this report other than the following:

GHL Asia Pacific Limited had on 12 April, 2012 entered into a Share Sales Agreement to divest its entire holding in its wholly owned subsidiary, GHL (China) Company Limited to a purchaser name HK New Huang PU Finance Holdings Limited. The terms and conditions for completion have been met and accordingly, the divestment is deemed completed. The details of the divestment are available in the announcement dated 27 April 2012.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the financial quarter under review.

**A12. Contingent Liabilities**

Save as disclosed below, the Group does not have any contingent liabilities as at the date of this report:-

|                                                   |            |
|---------------------------------------------------|------------|
| (a) Banker's guarantee in favour of third parties | RM'000     |
| - Secured                                         | <u>303</u> |

**A13. Capital commitment**

There was no capital commitment as at the date of this report.

**A14. Significant related party transactions**

Significant related party transactions for the current quarter under review are as follows:

| Related Party:                                                                                                                                                                                                                                                                                                       | Current Year<br>Quarter<br>31.03.2012<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31.03.2012<br>RM'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|
| ^ Supply of EuroPay-MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; supply of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group to e-pay (M) Sdn Bhd ("e-pay") *           | 212                                             | 424                                                                |
| # Purchase of EuroPay-MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; purchase of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group from Microtree Sdn Bhd ("Microtree") * | 144                                             | -                                                                  |

^ GHL Systems Berhad Executive Chairman and is a major shareholder Loh Wee Hian has an indirect interest in e-pay (M) Sdn Bhd through his 61.60% shareholding in e-pay Asia Limited, the holding company of e-pay (M) Sdn Bhd. He is currently also the Executive Director of e-pay (M) Sdn Bhd as well as the Executive Chairman and CEO of e-pay Asia Limited.

# GHL Systems Berhad Non Executive Director and is a substantial shareholder Goh Kuan Ho is currently General Manager of Microtree.

\* The Board of Directors is of the opinion that all the transaction above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transaction with unrelated parties.

## PART B: ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

### B1. Review of Performance

#### Current Quarter Review – Profit Before Tax/(Loss)

The Group's profit before tax (PBT) for the quarter ended 31 March 2012 (Q1 2012) was RM1.1 million, an increase of RM0.6 million (111%) compared to the quarter ended 31 March 2011 (Q1 2011) of RM0.5 million. The increase in PBT was mainly due to cost rationalizing on administration and lower depreciation expenses as well as changes in the revenue mix.

Comparing Q1 2012 with the preceding quarter ended 31 December 2011 (Q4 2011), the Group's PBT increased by RM25.8 million. This was mainly due to the incurrence of large, non-recurring charges in Q4 2011 arising from our China operations and the impairment of certain Malaysian fixed assets.

#### Current Quarter Review – Segments Revenue

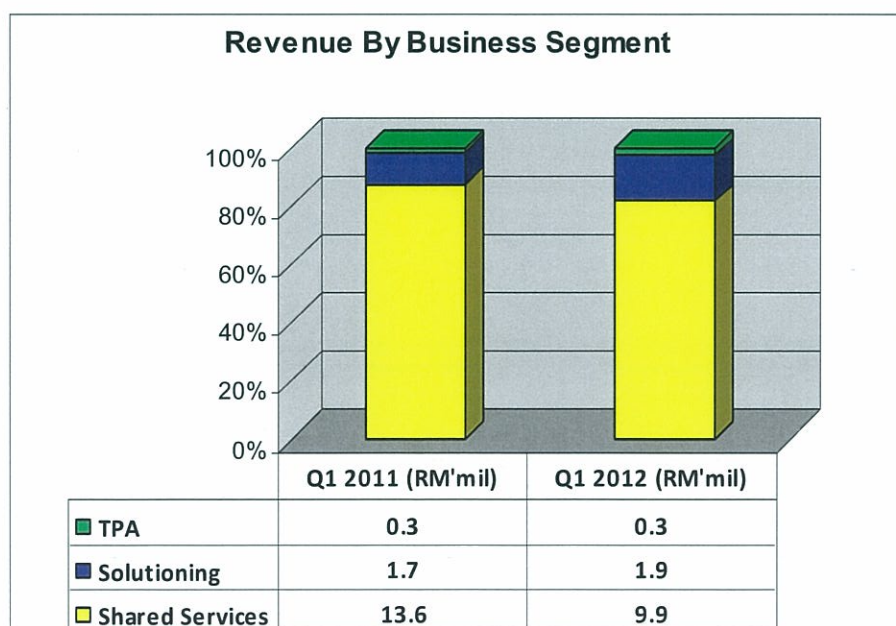
The Group's total revenue declined by RM3.4 million (22%) from Q1 2012 versus Q1 2011 mainly due to a decrease in outright sales of hardware and cards within Shared Services revenues.

**Shared Services** Overall revenue was lower by RM3.8 million from RM13.6 million in Q1 2011 versus RM9.9 million in Q1 2012. This was mainly due to a decline in outright hardware sales of RM2.6 million in Malaysia, Thailand and Philippines, a decline in outright cards sales of RM0.7 million in Malaysia and a decrease in China revenue of RM0.9 million. Offsetting these decreases was an increase in annuity revenue from rental and maintenance principally from Philippines of RM0.3 million (20% growth).

**Solutions Services** Overall revenue increased RM0.3 million to RM1.9 million in Q1 2012 versus 1.7 million in Q1 2011. This was mainly due to a decline in China's Solutions Services revenue of RM0.4 Million which was more than offset by the increases from the rest of the Group of RM0.7 million (42% growth).

**Transaction Payments Acquisition ("TPA")** which comprises of e-debit transaction payment processing in Malaysia increased by 13% due to higher merchant acquisition rates.

Please refer below chart for segment revenue analysis.



## **Current Quarter Review – Revenue & Result By Country**

Malaysia's revenue for Q1 2012 was RM9.4 million compared to RM9.7 million in Q1 2011, a slight decline of 2%. This was mainly due to a decline in Shared Services revenue of RM1 million (40%) caused by timing differences in the recognition of outright hardware and card sales. Offsetting this decline was strong growth (50%) in the Solutioning and TPA businesses. Malaysia's net results for the quarter improved from breakeven in Q1 2011 to RM1.2 million in Q1 2012 mainly due to lower administration and depreciation expenses and the change in the revenue mix.

Philippines revenue declined by 32% from RM2.8 million in Q1 2011 to RM1.9 million in Q1 2012. The decline was mainly due to a decline in outright hardware sales due to timing differences (97%) offset by an increase of (13%) in EDC rental and other Shared Services revenue that is annuity in nature. The Solutions business although small at present grew rapidly by 360% between Q1 2011 and Q1 2012. Philippines net results declined by RM0.6mil between Q1 2011 and Q1 2012 principally because of the lack of outright hardware sales.

Thailand's revenue declined from RM1.4 million in Q1 2011 to RM0.4 million in Q1 2012 due to timing differences in the recognition of outright EDC hardware sales (RM1 million). Thailand is still in a loss position but despite the lack of hardware sales its results improved by 35% compared to Q1 2011 principally due to cost rationalization.

China's revenue declined by RM1.3 million Q1 2012 versus Q1 2011. Following the discovery of irregular related party transactions in 2011, the business was rationalized and significantly scaled down. Subsequently on April 27, 2012 the Group fully disposed off its operating companies in China. China's net results for Q1 2011 was a loss of RM0.1 million and its results will continue to be consolidated in the Group results until its disposal in April, 2012 after which time, its results will cease to be included as it will no longer be a subsidiary.

## **B2. Current Year's Prospects**

The annuity revenue streams from our underlying core businesses of Shared Services, Solutions Services and TPA, continue to remain fundamentally strong and are growing more rapidly than our non-annuity revenue streams. While revenues have declined overall in the first quarter, these were principally due to timing differences in the recognition of outright hardware and card sales.

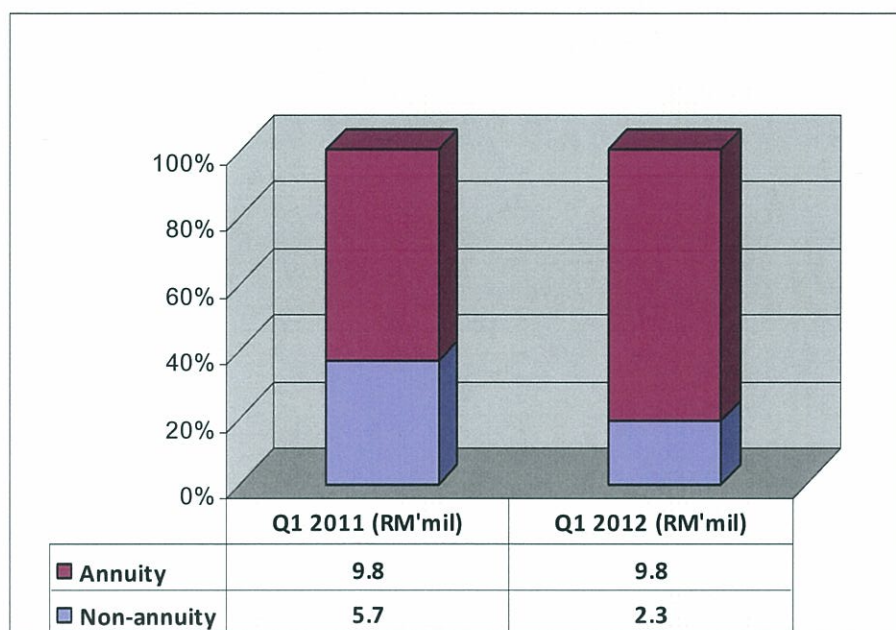
The Group is focusing on growing the annuity revenue streams of our business principally through increased Shared Services, Solutioning and TPA activities. In terms of TPA and merchant affiliation programs, we have re-organised our sales groups in Malaysia and are expanding our acquisition capability nationwide. While this exercise is underway and still in progress this should result in higher merchant acquisition rates in the remaining quarters.

There are several projects that we are presently implementing that underscore our drive to build the Solutioning business; We are in the final stages of completing the first phase of the Solutioning implementation for a major Telecommunications company in Australia and will move into the second phase in May. Concurrently we are implementing the first phase of a Solutioning product for a large local Bank, also in Australia. In Philippines, we are in the initial stages of implementing a prepaid card rollout for a major fast food chain with national distribution. In Thailand, we have completed the first phase of implementing an internet donation portal for 2 of the largest temples.

**B2. Current Year's Prospects (Cont'd)**

Annuity businesses, by their nature will take longer to grow into significance as it takes time to acquire merchants or to develop and implement longer term annuity products. However, the effects of the initiatives above to actively grow these annuity segments will over the course of the year change the revenue composition of the business to allow for greater reliability. Our revenue streams may periodically decrease, as in this quarter, due to misses in non-recurrent revenue. However, given the business thrust, these will eventually be replaced by higher margin and more reliable annuity streams.

Please refer below chart for segment revenue analysis

**B3. Profit forecast and Profit guarantee**

The Company has not issued any profit forecast or profit guarantee for the current year.

**B4. Taxation**

|              | Current<br>Quarter<br><u>31.03.12</u><br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br><u>31.03.11</u><br>RM'000 | Current<br>Year To<br>Date<br><u>31.03.12</u><br>RM'000 | Preceding Year<br>Corresponding<br>Period<br><u>31.03.11</u><br>RM'000 |
|--------------|-------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------|
| Tax expenses | -                                               | -                                                                       | -                                                       | -                                                                      |

The Group's tax rate is disproportionate to the statutory tax rate due to unabsorbed tax loss and unutilised tax allowances and deferred tax benefits of certain companies within the Group.

**B5. Profit on Sale of Unquoted Investment and/or Properties**

There was no disposal of unquoted investment or properties during the financial quarter under review.

**B6. Purchase and Disposal of Quoted Securities**

There was no purchase or disposal of quoted securities during the financial quarter under review.

**B7. Status of Corporate Proposals**

There were no corporate proposals announced and not completed as at the date of this report.

**B8. Group Borrowings and Debt Securities**

The Group's borrowings and debt securities as at 31 March 2012 are as follows:-

**(a) Bank Borrowings**

|                                   | <b>Total Secured Term Loan<br/>RM'000</b> |
|-----------------------------------|-------------------------------------------|
| Repayable within twelve months    | 391                                       |
| Repayable more than twelve months | 2,090                                     |
|                                   | <b>2,481</b>                              |

The secured term loan from a local financial institution is to finance the purchase of three (3) units of 4 ½ storey shop offices. The term loan bears an interest of 5.0% per annum ("pa") on monthly rest for the first three (3) years and thereafter Base Lending Rate ("BLR") + 0.60% pa and is repayable over fifteen (15) years. The loan is expected to be fully repaid by year 2019. The term loan interest rate was revised at BLR + 0.00% pa based on letter dated 21 December 2007. Subsequently, the term loan interest rate was revised at BLR – 1.00% pa based on letter dated 23 February 2010 and 26 April 2010. The BLR as at 11 May 2011 is 6.60% pa.

The Group's banking facilities are secured by the pledging of fixed deposits to the financial institution and pledging of the aforementioned three (3) units of the 4½ storey shop offices.

The portion of the bank borrowings due within one (1) year is classified as current liabilities.

The Group does not have any foreign currency denominated bank borrowings as at 31 March 2012.

**(b) Hire Purchase**

|                                   | <b>Total Hire Purchase<br/>RM</b> |
|-----------------------------------|-----------------------------------|
| Repayable within twelve months    | 776                               |
| Repayable more than twelve months | 1,089                             |
|                                   | <b>1,865</b>                      |

The hire purchase payables of the Group as at 31 March 2012 are for the Group's motor vehicles and EDC equipment. The portion of the hire purchase due within one (1) year is classified as current liabilities.

**B9. Realised and Unrealised Profits/(Losses)**

|                                                            | Current<br>Quarter<br>As at 31.03.2012 | Immediate<br>Preceding Quarter<br>As at 31.12.11<br>(Audited) |
|------------------------------------------------------------|----------------------------------------|---------------------------------------------------------------|
|                                                            | RM'000                                 | RM'000                                                        |
| Total accumulated losses of the Company and subsidiaries:- |                                        |                                                               |
| - Realised                                                 | (38,719)                               | (54,849)                                                      |
| - Unrealised                                               | 109                                    | 38                                                            |
|                                                            | (38,610)                               | (54,811)                                                      |
| Less: Consolidation adjustment                             | 3,901                                  | 18,991                                                        |
| <b>Total group retained</b>                                | <b>(34,709)</b>                        | <b>(35,820)</b>                                               |

**B10. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

**B11. Material Litigation**

As at the date of this report, the Group is not engaged in any material litigation, claims, arbitration or prosecution, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group, other than the following:-

- (a) GHL International Sdn Bhd ("GHLI"), GHLSYS Singapore Pte Ltd ("GHLSYS") and Privilege Investment Holdings Pte Ltd ("Privilege") had entered into a shareholders' agreement dated 31 October 2005 ("Shareholders Agreement") for the purpose of a joint venture. Subsequently, the above-mentioned parties mutually agreed to terminate the Shareholders Agreement via a termination agreement dated 3 March 2006 with a view of entering into a new joint venture subject to further discussions on the terms for such new joint venture. However, the said new joint venture has not eventuated as the parties were unable to reach an agreement on the final terms for the proposed new joint venture. Consequently, a dispute has since arisen in respect of the termination of the Shareholders Agreement.

On 1 April 2006 and 28 April 2006, the Indonesian lawyers acting on behalf of Privilege ("Privilege Lawyers") have via their letter ("Allegation Letter") to GHL, GHLI and GHLSYS (collectively "GHL Entities") alleged various matters against the GHL Entities and certain representatives of the GHL Entities ("GHL Representatives"), amongst others, fraud and misrepresentation in respect of the termination of the Shareholders Agreement, unlawful repudiation of obligations under the Shareholders Agreement, violation of various Indonesian laws and regulations as specified therein, and defamation ("Privilege Threat").

In this connection, the GHL Entities and GHL Representatives have engaged a firm of Indonesian lawyers ("GHL Lawyers"), to represent and advise them on this matter. In their letter dated 3 April 2006 and subsequently on 6 July 2006, the GHL Lawyers have replied to the allegations made in the Allegation Letter by informing the Privilege Lawyers that the GHL Entities and GHL Representatives have categorically denied all the allegations in the Allegation Letter.

## **B11. Material Litigation (Cont'd)**

Subsequently, PT Multi Adiprakarsa Manunggal ("PT MAM") had in its letter dated 13 February 2007 addressed to the GHL Entities and the GHL Representatives referred to the Allegation Letter dated 1 April 2006 and alleged that it was an intended beneficiary of the Shareholders Agreement and a direct contracting party to all contracts arising out of the Shareholders Agreement and it was injured by the unlawful conduct of the GHL Entities. PT MAM also claimed an amount of USD3 million in damages to be payable by or before 20 February 2007, failing which PT MAM deemed itself free to file litigation in Malaysia, Singapore and/or Indonesia and that the GHL Entities's reporting of accounts receivable in its financial statements may constitute fraudulent misrepresentation as the amount claimed were provided by the GHL Entities as equity contributions to a proposed joint venture company in Indonesia ("PT MAM Threat"). GHLI had in its letter dated 21 February 2007 replied to PT MAM requesting them to refer to the letter dated 6 July 2006 issued by GHL Lawyers to Privilege Lawyers and that GHLI remained open to meeting with PT MAM to resolve matters amicably.

As the matter has yet to proceed to Court, the GHL Entities and GHL Representatives hope to negotiate with Privilege and/or PT MAM to settle the matter amicably. The GHL Lawyers had expressed that they were not aware of any doctrine of intended beneficiary under Indonesian law in respect of the PT MAM Threat. The GHL Lawyers are of the view that there are legal grounds for the GHL Entities to defend both the Privilege Threat and the PT MAM Threat in the event that litigation is commenced in the Courts of the Republic of Indonesia. However, the GHL Lawyers have qualified all such views by expressing that the Indonesian judiciary is sometimes unpredictable in its decision-making process and that a decision may not necessarily be based on the merits of a case. However, as no calculation of a claim for damages has been submitted by Privilege or its Indonesian lawyers and the PT MAM's claim for USD3 million was not quantified, the GHL Lawyers are not able to opine fully on the financial consequences to the GHL Entities.

Meanwhile on 13 May 2009, GHLI received a letter from Messrs Zaid Ibrahim & Co., representing Privilege with the following claims:-

- (i) Payment of the sum of USD3,009,700.00 as general damages suffered by Privilege arising out of GHLI's failure to perform the obligations;
- (ii) Payment of the sum of USD43,047.00 as special damages for expenses incurred by Privilege in setting up PT MAM and GHLSYS;
- (iii) Return of all confidential information, trade secrets and/or any other proprietary information belonging to Privilege that remain in GHLI's and/ or any other related party's custody;
- (iv) Provision of a written undertaking that GHLI does not have any confidential information, trade secrets and/or proprietary information belonging to Privilege other than that which was returned, and that GHLI has not and will not utilize the confidential information, trade secrets and/or proprietary information save other than in the course of the joint venture; and
- (v) Payment of the sum of RM2,500.00 being the cost of the letter of demand.

On 19 May 2009, the management through its solicitor, Messrs. Sreenevasanyoung, denied each and every allegation as set out in the letter and denied being liable as alleged or at all.

The Board is of the view that the GHL Entities have a good defence against such claims made by Privilege. The directors of GHL are of the opinion that should this matter go to court, the GHL Entities will vigorously defend its position.

**B11. Material Litigation (Cont'd)**

- (b) GHL Systems Philippines, Inc. ("GHLP") is the defendant in the complaint for the collection of sum of money and damages filed by Payment Processing Corporation ("PPC") before the Regional Trial Court of Makati City, Philippines. PPC based its claim on the Memorandum of Agreement ("MOA") executed by the parties and alleged that payments due it from the revenue-sharing scheme as contained in the MOA were remitted late, that there were unauthorized deduction of withholding and value added tax and that there were unreported revenue causing PPC to lose substantial income.

GHLP raised as defenses to the claims of PPC the following:

- (i) Acts of third persons, particularly that of the merchant acquiring banks, have rendered the compliance with the period within which to pay Plaintiff and to submit revenue sharing reports impossible to perform;
- (ii) In accepting payments from Defendant, Plaintiff condoned the delay;
- (iii) No unauthorized deductions were made by Defendant of Plaintiff's share in the revenue;
- (iv) Plaintiff has not shown that it is entitled to revenue from manual transactions;
- (v) Plaintiff has not shown that it is entitled to exemplary damages; and
- (ii) Plaintiff has not shown that it is entitled to attorney's fees, litigation expenses and costs of suit.

As a counterclaim, GHLP prayed for the reformation of the Memorandum of Agreement subject of the Complaint. Exemplary damages and attorney's fees were also claimed.

Currently, the case is with the Philippine Mediation Center (PMC) in view of the court-mandated referral to it. The Parties are trying to come up with an amicable settlement so as to avoid long-winded court litigation.

**B12. Dividend Proposed**

There was no dividend declared during the quarter under review.

**B13. Earnings Per Share**

**a) Basic earnings per share**

The basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period and excluding the treasury shares held by the Company.

**b) Diluted earnings per share**

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity holders of the parent and weighted average number of ordinary shares in issue during the period and excluding treasury shares held by the Company.

| <b><u>Basic</u></b>                                              |            | <b>Current<br/>Quarter<br/><u>31.03.12</u></b> | <b>Preceding Year<br/>Corresponding<br/>Quarter<br/><u>31.03.11</u></b> | <b>Current<br/>Year To<br/>Date<br/><u>31.03.12</u></b> | <b>Preceding Year<br/>Corresponding<br/>Period<br/><u>31.03.11</u></b> |
|------------------------------------------------------------------|------------|------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------|
| Net profit attributable to equity holders of the parent          | (RM'000)   | 1,111                                          | 526                                                                     | 1,111                                                   | 526                                                                    |
| Weighted average number of ordinary shares in issue and issuable | (Unit'000) | 144,386                                        | 139,153                                                                 | 144,386                                                 | 139,153                                                                |
| Basic earnings per share                                         | (Sen)      | 0.77                                           | 0.38                                                                    | 0.77                                                    | 0.38                                                                   |

| <b><u>Diluted</u></b>                                             |            | <b>Current<br/>Quarter<br/><u>31.03.12</u></b> | <b>Preceding Year<br/>Corresponding<br/>Quarter<br/><u>31.03.11</u></b> | <b>Current<br/>Year To<br/>Date<br/><u>31.03.12</u></b> | <b>Preceding Year<br/>Corresponding<br/>Period<br/><u>31.03.11</u></b> |
|-------------------------------------------------------------------|------------|------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------|
| Net loss attributable to equity holders of the parent             | (RM'000)   | 1,111                                          | 526                                                                     | 1,111                                                   | 526                                                                    |
| *Weighted average number of ordinary shares in issue and issuable | (Unit'000) | 144,386                                        | 139,153                                                                 | 144,386                                                 | 139,153                                                                |
| Diluted loss per share                                            | (Sen)      | 0.77                                           | 0.38                                                                    | 0.77                                                    | 0.38                                                                   |

\* The number of shares exercised under ESOS was not taken into account in the computation of diluted earnings per share because the effect on the basic earnings per share is antidilutive.